3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

A total of 11 meetings of the board of directors were held in FY 2014. Director attendance was as follows：

Title	Name	Attendance in Person	By proxy	Attendance ratio (%)	Remarks
Chairman	Toong-Min Chen (Representative of Kaohsiung City Government)	11	0	100.00	Re-election in June 19, 2014
Independent Director and Managing Director	Wen-Yuan Lin	10	1	90.91	Re-election in June 19, 2014
Managing Director	Ruey-Tsang Lee (Representative of Kaohsiung City Government)	9	2	81.82	Re-election in June 19, 2014
Managing Director	Li- Ming Hsu (Representative of Kaohsiung City Government)	8	2	72.73	Re-election in June 19, 2014
Independent Director	Mei-Yueh Ho	10	1	90.91	Re-election in June 19, 2014
Independent Director	Tzen-Ping Su	11	0	100.00	Re-election in June 19, 2014
Director	Chen-Cheng Chien (Representative of Kaohsiung City Government)	5	1	71.43	The new election in June 19, 2014 Should attend the 7th
Director	Richard Lee (Representative of Kaohsiung City Government)	11	0	100.00	Re-election in June 19, 2014
Director	Chien-Tsai Chao (Representative of Kaohsiung City Government)	8	3	72.73	Re-election in June 19, 2014
Director	Jueifang P. Chen (Representative of Kaohsiung City Government)	11	0	100.00	Re-election in June 19, 2014
Director	Tsung-kun Lee (Representative of Bank of Kaohsiung Corporate Union)	7	0	100.00	The new election in June 19, 2014 Should attend the 7th
Director	Chung-Hsin Liu (Representative of Jinn Her Enterprise Co., Ltd.)	6	1	85.71	The new election in June 19, 2014 Should attend the 7th
Director	Yuan-Pei Chou (Representative of Kaohsiung City Government)	4	0	100.00	Outgoing in June 18, 2014 Should attend the 4th
Director	Lai-Chuan Chang (Representative of Kaohsiung City Government)	4	0	100.00	Outgoing in June 18, 2014 Should attend the 4th
Director	Wen-Ching Yang (Representative of Heng Fong Asset Management Co., Ltd.)	1	3	25.00	Outgoing in June 18, 2014 Should attend the 4th

Others:

1. The effort of directors in preventing a “conflict of interest”:
   (1) 14th temporary board of directors’ meeting of 11th term, Discussion to review the Company’s 12th case of independent directors’ candidacy, Related party Wen-Yuan Lin, Mei-Yueh Ho and Tzen-Ping Su avoided participation in the discussion.
   (2) 2th board of directors’ meeting of 12th term, Discuss the chairman Toong-Min Chen elected invested enterprises “Taiwan Finance Corporation” and “Waterland Securities Co., Ltd.” Representative Director case. Related party Toong-Min Chen, avoided participation in the discussion.
   (3) 3th board of directors’ meeting of 12th term, Discuss the Loan Bid Rate Case by the Kaohsiung City Government institutions. Related party Toong-Min Chen, Ruey-Tsand Lee, Richard Lee, Jueifang P. Chen and Chien-Tsai Chao avoided participation in the discussion.
   (4) 4th board of directors’ meeting of 12th term, Discuss the one proposal of leasing the city-owned properties for business operation by the related party of Kaohsiung City Government. Related party Toong-Min Chen, Ruey-Tsand Lee, Li- Ming Hsu, Chen-Cheng Chien, Richard Lee and Jueifang P. Chen avoided participation in the discussion.
2. Progress assessment of the 2014 agenda – empowerment of the Board of Directors:
   All members of the Bank’s Board of Directors execute business with care and loyalty, and perform their duty according to the relevant laws and the Bank’s articles of incorporation to protect the Bank’s and shareholders’ interests and rights.

3.4.2 Audit Committee or Supervisors Attendance the Practice of Board of Directors

A. Supervisors Attendance the Practice of Board of Directors :

Title	Name	Attendance in Person	Attendance ratio (%)	Remarks
Supervisor	Yung-Yu Tsai (Representative of Jinn Her Enterprise Co., Ltd.)	0	0.00	Outgoing in June 18, 2014
Supervisor	Wen-Yuan Lin	3	100.00	Outgoing in June 18, 2014
Supervisor	Shan-Hui Chang	3	100.00	Outgoing in June 18, 2014

Other mentionable items:
1. Composition and responsibilities of supervisors:
   (1) Communication between supervisors and the Bank's employees and shareholders:
   Supervisors will contact the Auditing Dept. of the Board of Directors, Secretary's Dept. of the Board of Directors and Business Management Dept. from time to time, and review the condition of the Bank.
   (2) Communications between supervisors and the Bank's Chief Internal Auditor and CPA:
   Supervisors often communicate with the Auditing Dept. of the Board of Directors, Business Management Dept., and the independent CPA for this Bank's finance and business via written materials or meetings. This communication is helpful for the execution of the motions proposed in the board of directors' meetings. 3 sessions of supervisors meeting were held in 2014.
2. Supervisor expresses an opinion during a meeting of the Board of Directors:

Board of Directors				
Date	Term	Content	The Resolutions	The execution of the resolutions
Feb.27,2014	17th board of directors' meeting of 11th term	Business tax was originally a transit payment. However, if the competition in the banking industry is so severe that the Bank has to absorb this tax, we will suffer a decrease in our future profit. In addition, we need to carefully investigate the way accounting titles are classified and how the accounting titles concerned with this matter can express the nature of the original transit payment. We also need to think about ways to save on taxes and reduce the impact of these two negative factors.	Acknowledged by all of the present directors	The management department is advised to follow the opinion of Supervisor Su.
Feb.27,2014	17th board of directors' meeting of 11th term	In terms of the control of country risk, we believe that we need to consider the substantive risks in addition to the current legal constraints, rather than simply focusing on "country risk." In addition, from January this year, the Bo-Ai Branch of the Bank will offer services as an appointed foreign exchange branch. This fact indicates that the Bank seeks more Renminbi transactions. However, Renminbi is beginning to depreciate. The management department is advised to pay attention to the condition of Renminbi services.	Acknowledged by all of the present directors	The management department is advised to use the opinion of Supervisor Su as a guideline.
Feb.27,2014	17th board of directors' meeting of 11th term	In the execution condition of the fourth phase of the Bank's IFRS conversion project, called "adjustment and improvement," loan assets sustain greater impact in the contracts entered into with counterparties of transactions. Moreover, such impact mainly falls on syndicated loans. Even though the IFRS conversion plan has come to a successful stop, we advise that the subsequent work be turned over to the operation department, and the operation department should not simply focus on syndicated loans.	Acknowledged by all of the present directors	The management department is advised to use the opinion of Supervisor Su as a notice.
Apr.24,2014	18th board of directors' meeting of 11th term	After the company adopted IFRS, changes in fair value creates impact. The accounting staff must be more careful when the distribute earnings in the future.	Acknowledged by all of the present directors	The management department is advised to use the opinion of Supervisor Su as a reference.

B. A total of 4 meetings of the Audit Committee were held in FY 2014. Audit Committee attendance was as follows :

Title	Name	Attendance in Person	By proxy	Attendance ratio (%)	Remarks
Convener	Mei-Yueh Ho	4	0	100	The new election in June 19, 2014
Audit Committee	Wen-Yuan Lin	3	1	75	The new election in June 19, 2014
Audit Committee	Tzen-Ping Su	4	0	100	The new election in June 19, 2014

Other mentionable items:
1. Matters listed in Article 14-5 of the Securities and Exchange Act and resolutions not approved by the audit committee but were approved by more than two thirds of all Audit Committee: None.
2. The effort of audit committee in preventing a "conflict of interest": None.
3. The communication between independent directors and internal audit supervisors and CPAs who serve as external auditors:
   (1) Operation reports of internal auditing are periodically submitted to the Audit Committee for discussion, and internal audit supervisors all participate in the meeting.
   (2) When financial reports are submitted to the Audit Committee, CPAs who serve as external auditors are invited to the meeting and required to respond to the questions made by independent directors.

3.4.3 For the Disclosures Required by the "Guidelines for Bank Corporate Governance" : Please refer to www.bok.com.tw.

3.4.4 The Differences between the Corporate Governance Practice of the Bank and the "Guidelines for Bank Corporate Governance":

Item	Operation			The Difference from Coporate Governace Best Practice Principles for Banking Industry and Reason
	Yes	No	Summary Description	
A. Equity Structure and Shareholder Rights				
1. Did the bank expressly provide internal operation procedures that process the recommendations from, questions from, and litigations with shareholders and implement these rules according to procedures?	✓		The bank has installed hot lines and e-mail boxes exclusively for shareholders' suggestions and resolutions.	In accordance with the "Guidelines for Bank Corporate Governance" article 19.
2. Is the bank in touch with major shareholders who own actual controlling interests of the bank and the ultimate entity with controlling interest?	✓		The major shareholder of the Bank is Kaohsiung City Government, holding 45.16% of the Bank's shares. Its representative also performs his duty pursuant to the rules governing investment by Kaohsiung City Government in the Bank.	In accordance with the "Guidelines for Bank Corporate Governance" article 20 and 27.
3. Did the bank create and enforce the risk control mechanisms and the firewall between itself and affiliated corporations?	✓		The bank controls its affiliated enterprises in accordance with the guidelines governing the Bank's supervision of subsidiaries.	In accordance with the "Guidelines for Bank Corporate Governance" article 19.
B. Organization and Responsibilities of the Board of Directors				
1. Aside from creating the Remuneration Committee and the Audit Committee as required by law, did the bank create other functional committees voluntarily?		✓	The bank didn't create other functional committees voluntarily.	The bank didn't create other functional committees voluntarily.
2. Did the bank review the independence of the CPAs that perform the audit function on a regular basis?	✓		1. Assessments: The bank engaged Crowe Horwth CPAs as auditor in 2014. The CPAs and auditor of the firm do not act as a director, supervisor, or employee of the Bank; nor have they own, directly or indirectly, more that 1% of the Bank's outstanding share capital or become one of the Bank's top ten natural person shareholders. The auditor's firm issued a declaration of independence. 2. Frequency of assessment: The assessment of independence is reported to the Board of Directors once a year.	In accordance with the "Guidelines for Bank Corporate Governance" article 38.
C. Establishment of Communication Channels with Materially Related Parties				
Did the communication channels of the Bank and the related parties?	✓		1. According to the Banking Act, the Bank will ask any materially related party to complete the materially related party's information form immediately after he / she is hired, and also provide the materially related party with the credit extension restrictions provided by the Banking Act and the competent authorities. 2. Have the materially related party's information as documented checked, verified and updated by the materially related party periodically. The Bank's communication with the materially related party is free from any interruption. 3. The bank has appointed a spokesperson, installed toll-free hot line and email box to provide suggestion and explanation about questions to the Bank's customers and shareholders. Meanwhile, the Bank also holds the community wealth management symposiums and provides the in-house staff with the information about the corporate governance irregularly, and discloses the financial information in MOPS.	In accordance with the "Guidelines for Bank Corporate Governance" article 22 and 23.
D. Disclosure of Information				

Item	Operation			The Difference from Coporate Governace Best Practice Principles for Banking Industry and Reason
	Yes	No	Summary Description	
1. Did establishment of a website where information on financial operations and corporate governance is disclosed?	✓		The bank has established a website (www.bok.com.tw) where information on financial operations and corporate governance of the Bank is disclosed.	In accordance with the "Guidelines for Bank Corporate Governance" article 69.
2. Did use of other methods for information disclosure?	✓		Users can click and log in to the English website of the Bank through the URL listed above. The Bank has appointed a spokesperson. The spokesperson is Hsu Tsui-Mei, who also serves as a consultant and chief secretary. The Bank has also designated a unit dedicated to serving as a point of contact for the Market Observation Post System. Business units in charge of all services perform the gathering and disclosure of information as required.	In accordance with the "Guidelines for Bank Corporate Governance" article 67 and 68.

E. Did important Information of Corporate Governance Practice of the Bank：

1. With investor related: The major shareholder of the Bank is Kaohsiung City Government, holding 45.16% of the Bank's shares. Its representative also performs his duty pursuant to the rules governing investment by Kaohsiung City Government in the Bank.
2. Employee rights: Please refer to page 57 "Fulfillment of Labor Rights".
3. Right of related parties: Please refer to page 22 "Establishment of Communication Channels with Materially Related Parties".
4. Training record of directors and supervisors in 2014：Please refer to Page 29 appendix Training record of directors and supervisors in 2014".
5. Execution of risk management policies and risk measuring standards：Please refer to page 132~134 & 158~170 "This Bank's risk management systems".
6. Execution of customers' policies：In order to improve the services provided to customers and communication with customers, we have a toll free hot line, and customer service window setup exclusively for credit, financial derivatives and negotiation mechanisms for consumers' financial debt.
7. Purchase of liability insurance by the Bank for directors and supervisors： The Bank has purchased "Directors, Supervisors & Officers Liability Insurance" from Fubon Insurance Co., Ltd. On Jun. 2, 2014.
8. The Bank made a donation to political parties or stakeholders or a group of public welfare:
   Please refer to Page 55 "Social Responsibility and Moral Behavior of the Bank", In addition, the Bank has never made a donation to political parties or stakeholders.

F. Did the banks corporate governance self-assessment report commissioned by the company or other professional institutions of governance evaluation report? The Bank did not make the corporate governance self-assessment report.

3.4.5 Duty and Implementation of the Remuneration Committee

3.4.5.1 Members of the Remuneration Committee

Position	Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)								Number of Other Public Companies in Which the Individual is Concurrently Serving as Members of the Remuneration Committee	Remarks
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the business Needs of the Bank in a public or private Junior college, College or university	A Judge, Public prosecutor, attorney, CPA, or Other professional or technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Bank	Have Work Experience in the Areas of Commerce, Law, finance, or accounting, or Otherwise Necessary for the Business of the Bank	1	2	3	4	5	6	7	8		
Independent Director	Mei-Yueh Ho			✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	Wen-Yuan Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Tzen-Ping Su			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	

Note：Please tick the corresponding boxes if the members have been any of the following during the two years prior to being elected or during the term of office.

1. Not an employee of the Bank or any of its affiliates.
2. Not a director or supervisor of the Bank or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Bank, its parent company, or any subsidiary in which the Bank holds, directly or indirectly, more the 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding share of the Bank or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding share of the Bank or that holds shares ranking in the top five in holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Bank.
7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Bank or to any affiliate of the Bank, or a spouse therof.
8. Not been a person of any conditions defined in Article 30 of the Company Law.

3.4.5.2 Duties of the Remuneration Committee

A. Drafting and periodically reviewing the policies, regulations, standards, and structures of performance evaluation and remuneration for directors and managers.

B. Periodically evaluating and drafting the remuneration for directors and managers.

3.4.5.3 Implementation of the Remuneration Committee

A. Members of the Remuneration Committee: 3 persons.

B. Term: From Jun. 19, 2014 to Jun.18, 2017. A total of 3 meetings (A) of the Remuneration Committee were held in FY 2014, members attendance was as follows:

Title	Name	Attendance in Person (B)	By proxy	Attendance ratio (%) (B/A)	Remarks
Convener	Tzen-Ping Su	3	0	100%	
member	Wen-Yuan Lin	2	1	67%	
member	Mei-Yueh Ho	3	0	100%	

Other matters that should be recorded:

1. If the Board of Directors refuses to accept or modify the suggestions of the compensation committee, the meeting date, term, agenda content, resolution and the bank's treatment of the compensation committee's opinion should be clearly stated (for example, if the Board of Directors approved a compensation structure that is better than the Compensation Committee's recommendation, the circumstance and the reason of the difference should be clearly stated): The Board takes the advice of the Remuneration Committee and approves the Committee's proposal on remuneration distribution.
2. If the members have opposite opinion or reservations against the resolution of the Compensation Committee and such opposing opinion or reservations have been recorded or documented, the meeting date, term, agenda content, the opinion of all members, of the Compensation Committee, and the treatment of the members' opinion should be clearly stated: None.

3.4.6 The Bank Performing its Social Responsibility

Item	Operation			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary Description	
A. Implementing and promoting corporate governance				
1. Did the bank codify corporate social responsibility policies or regulations and review their implementation?		✓	The Bank has not set forth "Corporate Social Responsibility (CSR) Practice Principles" before Mar. 2015.	The Bank has not set forth "CSR Practice Principles" before Mar. 2015.
2. Did the bank provide the courses of social responsibility training on a regular basis?	✓		In order to implement corporate ethics and promotional matters, relevant courses are held annually (such as business rules and professional ethics seminars) and directors and employees are sent irregularly to participate in relevant professional courses held by professional training institutions.	In accordance with the "CSR Best Practice Principles for TWSE/GTSM Listed Companies" article 8.
3. Did the bank create a business unit that is dedicated to promoting corporate social responsibility or a (non-dedicated) business unit that is partially dedicated to this function, and did the Board authorize top management to process this matter and report the outcome to the Board?	✓		The Bank has creates a business unit that is dedicated to promoting CSR. The Executive Administration Dept. is responsible for coordinating and planning matters related to CSR.	In accordance with the "CSR Best Practice Principles for TWSE/GTSM Listed Companies" article 7 and 9.
4. Did the bank codify a reasonable remuneration policy and integrate the performance review of employees with corporate social responsibility policies, and create clear and effective reward and discipline regulations?	✓		1. The Bank set by managers and other remuneration defined as: (1) Attract outstanding professional elite, expand the depth and breadth of operations, strengthen corporate governance cum enhance corporate image. (2) Just stay positive, to maintain internal harmony, strengthen external competitiveness. (3) Incentive to develop their potential, and actively create surpluses in pursuit of equitable remuneration shareholders. 2. The behavior of the implementation of corporate governance, performance appraisal laid down for employees' annual performance appraisal service points "that follow. 3. The behavior of the implementation of reward and punishment, matters have incentives for employees' employees incentives and disincentives "that specification.	In accordance with the "CSR Best Practice Principles for TWSE/GTSM Listed Companies" article 9.

Item	Operation			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary Description	
B. Develop Sustainable Environment				
1. Did the bank condition devoted to enhancing the effective use of all resources and making use of recycled materials that pose the least impact to the environment?	✓		The Bank is committed to improving the efficiency in energy usage, including: 1. Saving electricity: The Bank uses T5 or LED lighting fixtures that are energy-efficient, sets the air conditioning one or two degrees higher than required, and maintains equipment and cleans filters on a regular basis. After business hours, employees turn off power of office equipment or unplug them. 2. Saving water: The Bank uses human-sensing urinals to adjust the amount of flush. 3. Saving fuel: While dispatching corporate cars, the company arranges car pools by principle. The Bank encourages walking or taking public transportation on business trips. 4. Saving paper: The Bank promotes the use of electronic bills. The Bank uses web-based bulletin boards to make pronouncements. The Bank reduces the amount of photocopies. Internal documents are passed on from one person to another, rather than photocopied. Office papers are double-sided as much as possible. Internal document transmission is done with reusable envelopes and Manila paper bags. 5. After the toner powder in the toner cartridges of photocopiers and the printers is exhausted, The Bank sends the empty toner cartridges back to their vendors and specifies the use of environment-friendly toner powder.	In accordance with the "CSR Best Practice Principles for TWSE/GTSM Listed Companies" article 12.
2. Did the bank condition established appropriate environment management system according to industry characteristics?		✓	The Bank didn't establishe appropriate environment management system before Mar. 2015.	The Bank did not establishe appropriate environment management system before Mar. 2015.
3. Did the bank condition watch out for impact that weather changes have on operational activities and sets forth strategies in regards to the Bank's energy saving, carbon reduction and greenhouse gas volume reduction?	✓		1. Old lighting fixtures shall be replaced by T5 or LED energy-saving lighting fixtures and light tubes. 2. Adopt inverter air conditioning equipment as permitted under installation environment.	In accordance with the "CSR Best Practice Principles for TWSE/GTSM Listed Companies" article 17.
C. Protection of Social Wellness				
1. Does the bank provide applicable policies and procedures based on labor laws and international human rights conventions?	✓		The Bank has create a business unit that is dedicated to promoting CSR. The Executive Administration Dept. is responsible for coordinating and planning matters related to CSR.	In accordance with the "CSR Best Practice Principles for TWSE/GTSM Listed Companies" article 18.
2. Has the bank created mechanisms and channels for employees to complain and process the complaints properly?	✓		The Bank employees and complaints, in addition to setting "Sexual Harassment Prevention and complaint processing elements" proper sexual harassment at the outside, and an electronic communication (complaint) mailbox to accept employee complaints events.	In accordance with the "CSR Best Practice Principles for TWSE/GTSM Listed Companies" article 18.
3. Does the bank create a safe and healthy work environment for employees and offer regular safety and health education to employees?	✓		The Bank provides a working environment with employee safety and health in accordance with the "Occupational Safety and Health Act". Also, in accordance with the "Regulations for Labor Health Protection", starting from 2002, The Bank pays for employee health examinations. The examination items and terms are both more favorable than the provisions under the "Labor Health Protection Regulation".	In accordance with the "CSR Best Practice Principles for TWSE/GTSM Listed Companies" article 21.

Item	Operation			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary Description	
4. Has the bank created a mechanism for regular communication with employees and notify employees of operational changes that could cause significant impact to employees in reasonable ways?	✓		For the establishment of the communication mechanism between itself and the employees, The Bank has a mail box for the opinions of the employees, and holds labor-management meetings.	In accordance with the "CSR Best Practice Principles for TWSE/GTSM Listed Companies" article 22.
5. Has the bank created effective career competence development training plans for employees?	✓		The Bank on the basis of annual training plan, regular and irregular handling of the line within a year, foreign study and training courses to enrich their own employees can learn and career skills.	In accordance with the "CSR Best Practice Principles for TWSE/GTSM Listed Companies" article 21.
6. Has the bank created policies that protect the interest of consumers and complaint procedures in terms of R&D, procurement, operation, and service processes?	✓		1. The Bank annually on the operation of the system of consumer protection and enforcement effectiveness, self-vetting evaluation of the whole bank, and according to the evaluation results to improve the review. 2. Execution of customers' policies：In order to improve the services provided to customers and communication with customers, we have a toll free hot line, and customer service window setup exclusively for credit, financial derivatives and negotiation mechanisms for consumers' financial debt.	In accordance with the "CSR Best Practice Principles for TWSE/GTSM Listed Companies" article 23.
7. Does the bank comply with applicable laws and international standards on the marketing and marking of products and services?	✓		The Bank on the marketing activities of products and services, has developed "in advertising, and sales promotion activities to attract business management approach", documents the business and marketing activities, both through the business should comply with the responsible authority in charge of the law, the head office of Justice the competent regulatory compliance and total body competent to comply with the relevant laws and regulations, Fang was released to use.	In accordance with the "CSR Best Practice Principles for TWSE/GTSM Listed Companies" article 24.
8. Before the bank conduct business with suppliers, has the bank evaluated whether its suppliers have records of adverse impacts on the environment and society?	✓		The Bank assessment of the commercial activities, qualified suppliers and without adverse records are included in screening considerations.	In accordance with the "CSR Best Practice Principles for TWSE/GTSM Listed Companies" article 26.
9. Does the contract between the bank and its major supplier contain the clause that the bank may terminate or revoke the contract at any time when the supplier is involved in acts that are against corporate social responsibility polices and also cause significant impact to the environment and the society?	✓		The Bank to fulfill corporate social responsibility of business attitude, not the cause of the environmental and social impact of the major suppliers to trade in the future will be a book contract stipulated that the relevant provisions.	In accordance with the "CSR Best Practice Principles for TWSE/GTSM Listed Companies" article 26.
D. Reinforce Information Revelation				
Does the bank disclose information on corporate social responsibility with relevance and reliability on its website or the Market Observation Post System?	✓		Disclose information related to enterprise social responsibility in the annual report.	In accordance with the "CSR Best Practice Principles for TWSE/GTSM Listed Companies" article 28.
E. A Bank that has set forth its own corporate social responsibility (CSR) in accordance to "CSR Best Practice Principles for TWSE/GTSM Listed Companies", please describe any difference between real execution and principles that have been set forth: The Bank has not set forth "Corporate Social Responsibility (CSR) Practice Principles" before Mar. 2015.				
F. Other important information beneficial for understanding the operation of business' social responsibility: Please refer to page 70 "social responsibility and moral behavior of The Bank".				
G. If the Bank's products or reports on corporate social responsibility have passed the verification standard set by related certification organization, further clarification shall be provided: None.				

3.4.7 The Bank Practice and measures for its Ethical Corporate Management

Item	Operation			Deviations from"Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and reasons
	Yes	No	Summary Description	
A. Codifying ethical corporate management best practice principles and plans				
1. Does the bank expressly provide the policies and measures on ethical management in its regulations and documents to external parties, and the commitment on implementing operational policies by the Board and the management?		✓	The Bank has not set forth regulations in Ethical Corporate Management Best Practice before Mar. 2015.	The Bank has not set forth regulations in Ethical Corporate Management Best Practice before Mar. 2015.
2. Does the bank provide plans that prevent unethical acts and expressly provide operational procedures, code of conducts, disciplinary actions against infractions, and complaint regulations, in all such plans?	✓		The Bank to implement the principles of integrity management objectives for the business were laid down rules and regulations supporting the management and treatment manuals, and the implementation of the relevant assessment and incentive mechanisms.	In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" article 6.
3. Does the bank take preventive actions against high-risk and unethical business activities defined in Article 7 Paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", or other measures against unethical activities in other business fields?	✓		The Bank except for charitable donations or sponsorships and other matters by setting "donation job points" think outside the norms and regulations on the business research mechanism stipulated higher risk of bad faith conduct preventive tool, in order to implement the principles of integrity management.	In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" article 7.
B. Implementing ethical operations				
1. Does the bank evaluation the record of ethics of its transaction counterparties and expressly provide ethical conduct clauses in contracts signed with its transaction counterparties?	✓		The Bank conducts its business in transparency and fairness, and has no business with parties lacking integrity. The integrity clause shall be explicitly stated in the agreement in the future to prevent any transaction with parties that have records on integrity violation.	In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" article 9.
2. Does the bank have a dedicated (non-dedicated) business unit that promotes ethical business practices and reports to the Board, and does this unit regularly report its operation to the Board regularly?		✓	1. The Bank doesn't have a dedicated (non-dedicated) business unit that promotes ethical business practices, but has followed the principles of integrity management, internal control, regulatory compliance systems and related corporate governance standards, and supervision of the implementation of the case by the management to guard against malpractice occurred. 2. The Bank Audit Office in accordance with regulations for the business checks, and Lack of improvement and implementation of internal control situation Chen regular board of directors to oversee the business operations following the implementation of the principle of integrity.	The Bank doesn't have a dedicated business unit that promotes ethical business practices, but has followed the principles of integrity management supervise business execution.
3. Has the bank drafted policies that prevent conflict of interest, provide proper channels of complaints, and implement them?	✓		Article 17 of Rules of Procedure for Board of Directors Meetings: A director may present his opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the company; neither shall a director vote on such proposal as a proxy of another director in such circumstances.	In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" article 19.

Item	Operation			Deviations from"Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and reasons
	Yes	No	Summary Description	
4. Has the bank created an effective accounting system and internal control regulations for implementing ethical business practice, and has the internal audit unit performed regular audits, or has the bank outsourced internal audit to CPAs?	✓		1. The Bank has established the relevant accounting system and internal control system for substantiating the principles of integrity management; also, has it timely reviewed and amended for the compliance of all departments in order to prevent malpractice from occurring. 2. The Bank's Internal Audit Unit has the implementation of the related accounting system and internal control system audited in accordance with regulations. There was not any major nonconformity but minor nonconformity found in the investigation in 2013. The Bank had follow-up and reviewed the corrective action performed for the said minor nonconformities, and reported to the Board of Directors on a regular basis in order to continue to oversee the company's business activities in conformity with the principles of business integrity.	In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" article 20.
5. Does the bank provide internal and external training courses regarding ethical business practices on a regular basis?	✓		The Bank regularly participate in organized study trip outside agency business integrity or corporate social responsibility and other related study or training staff from higher order.	In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" article 22.
C. The operation of the reporting regulations of the bank				
1. Has the bank created substantive reporting and reward regulations, established useful channels of reporting, and appointed exclusive personnel to deal with reported individuals?	✓		The Bank's auditing function, Compliance Dept., Human Resources Dept., can accept the reports and complaints of the breach of integrity. In addition, The Bank has instituted the "Banking Personnel Reward and Punishment Regulation" basing on which the misconduct of the banking personnel shall be punished.	In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" article 23.
2. Has the bank designated standard operation procedures and confidentiality mechanisms for the investigation of reported incidents?	✓		The Bank to implement the principles of integrity management objectives, at present, although the mechanisms are not yet finalized, but the audit unit and all related business management department can accept the report matters, and to fulfill our responsibility of confidentiality.	In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" article 23.
3. Has the bank taken measures that protect the whistleblower from improper treatment?	✓		The Bank audit unit and all related business management department received the report matters are to fulfill the responsibility of confidentiality to protect whistleblowers.	In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" article 23.
D. Improving information disclosure				
Does the bank disclose the content of its ethical business practice and the result of its implementation information on its website or the Market Observation Post System?		✓	The Bank has not set forth regulations in Ethical Corporate Management Best Practice before Mar. 2015.	The Bank has not set forth regulations in Ethical Corporate Management Best Practice before Mar. 2015.
E. A Bank that has set forth its own Ethical Corporate Management Best Practice Principles in accordance to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies", please describe any difference between real execution and principles that have been set forth: The Bank has not set forth regulations in Ethical Corporate Management Best Practice before Mar. 2015.				
F. Other material information helpful to the understanding of the bank's ethical corporate management best practice principles (for example, the revision of said principles codified by the bank.): None.				